WHAT HAS THE UK GOVERNMENT LOST?

A Financial Reckoning: July 2024 — June 2026

All figures drawn from official UK government, Parliamentary and independent watchdog sources. Full sourced analysis follows from page 3.

FIGURE	WHAT IT REPRESENTS	SOURCE
£127bn	**Borrowed every single year — the annual deficit the government runs despite the highest tax burden in 70 years**	*OBR March 2026*
£110bn	**Paid annually in debt interest alone — more than defence, transport and policing combined. Generates zero public services**	*OBR / House of Commons Library*
£46.8bn	**Lost annually through the tax gap — money owed to HMRC that is never collected. Highest cash total ever recorded**	*HMRC June 2025*
£9.9bn	**Lost annually to benefit fraud and error — 3.2% of total benefit expenditure paid out incorrectly every year**	*DWP FYE 2026*
£15.3bn	**Cost of asylum accommodation contracts 2019–2029 — originally estimated at £4.5bn. More than tripled. New contracts now being awarded**	*NAO / Home Affairs Committee 2025*
£10.9bn	**Lost to Covid fraud. Only £1.8bn recovered. Most is gone permanently**	*Covid Counter Fraud Commissioner Dec 2025*
£6.6bn	**Written off in a single year (2024-25) on cancelled projects — money that created zero public value**	*PAC May 2026*

£662m	**Paid to France in new 3-year deal to stop Channel crossings. Previous deal: £480m. Crossings in 2025: 41,472 — second highest ever**	*Reuters / Commons Library April 2026*
£102.7bn	**Projected final cost of HS2 — originally estimated at £37.5bn. £43.6bn already spent. First trains now delayed to the 2030s**	*GOV.UK / OBR May 2026*
£2.91tn	**Total national debt — £42,000 per person. Rising at £4,186 every second. Debt-to-GDP at highest level since the early 1960s**	*ONS April 2026*

THE CONFIRMED ANNUAL MINIMUM

Fraud + Error + Tax Gap + Audited Write-offs

£63 BILLION LOST EVERY YEAR

Before debt interest. Before HS2. Before immigration system costs. Before untracked departmental losses.

At the same time, UK taxpayers face the highest tax burden in 70 years.

This document is compiled entirely from published sources: the Public Accounts Committee, the National Audit Office, HMRC, the Department for Work and Pensions, the Office for Budget Responsibility, the Home Office, the Home Affairs Select Committee, and HM Treasury. No figures are estimated or extrapolated without explicit attribution to their originating official body. Full sourced analysis with citations begins on the following page.

UK GOVERNMENT FINANCIAL LOSSES

A Deep Dive Analysis: July 2024 to June 2026

Sources: Public Accounts Committee, National Audit Office, HMRC, DWP, OBR, HM Treasury, Home Affairs Select Committee, House of Commons Library

Executive Summary

The question of how much public money the UK Government has lost, wasted, or failed to collect is not a single number — it is a series of overlapping, partly measured, and partly estimated figures that together paint a picture of systemic financial failure spanning multiple decades but accelerating sharply under current conditions.

This report draws exclusively on official sources to build the most comprehensive picture currently available. Every figure is attributed. Every claim is sourced. The findings require no embellishment: the documented reality is sufficiently alarming without it.

The central finding is that confirmed, estimated, and implied annual losses to the UK taxpayer — across fraud, error, uncollected tax, cancelled projects, immigration system costs, and structural inefficiency — run to somewhere between £80 billion and £120 billion per year. That is before debt interest, before HS2, and before the accumulated legacy of Covid-era losses that are largely unrecoverable.

Master Loss Summary Table

Loss Category	Annual Est.	Cumulative / Stock	Confidence
Benefit fraud & error (DWP)	**~£9.9bn**	~£19bn (2yrs)	*High — official DWP statistics*
Tax gap — HMRC uncollected	**~£46.8bn**	~£93bn (2yrs)	*Official HMRC; likely understated*
Uncollected tax debt balance	**Stock**	£43.8bn owed	*Double pre-pandemic level*
Covid fraud — unrecovered	**Ongoing**	£9.1bn outstanding	*£10.9bn lost; £1.8bn recovered*
Covid Bounce Back Loans	**Ongoing**	Up to £27bn at risk	*100% taxpayer guarantee; 1-in-6 default*

PAC project write-offs 2024-25	**£6.6bn**	£6.6bn confirmed	*High — PAC/NAO May 2026*
Immigration system total cost	**£15-20bn+**	£30-40bn (2yrs)	*Medium — spread across depts*
Untracked dept fraud/error	**£5bn–£30bn**	NAO estimate	*Low-medium — wide range*
HS2 overrun	**Ongoing**	£43.6bn spent; £102.7bn to complete	*Pre-Labour; Labour managing*
Debt interest	**£110bn**	£220bn (2yrs)	*OBR confirmed; highest in 50 years*
Annual fiscal deficit	**~£127bn**	~£254bn (2yrs)	*OBR; widening since July 2024*
CONFIRMED ANNUAL MINIMUM (excl. debt interest, HS2, immigration)	**~£63bn+**		*Fraud + error + tax gap + write-offs only*

Section 1: Benefit Fraud and Error

The DWP Overpayment Haemorrhage

The Department for Work and Pensions administers benefits to approximately 23.7 million people. Its own published statistics confirm that overpayments — caused by fraud, claimant error, and official processing error — represent a persistent annual loss running to nearly £10 billion.

FYE 2026	**£9.9 billion**	3.2% of total benefit expenditure overpaid — DWP's own published figure
Universal Credit	**9.7% error rate**	Nearly 1 in 10 pounds paid out incorrectly. 'Living together' status alone accounts for £1.2bn of UC overpayments in 2024-25
DLA overpayment rate	**Doubled**	From 4-in-100 claims to 9-in-100 compared to FYE 2024 — a statistically significant deterioration

Over the two full years since Labour took office, cumulative DWP overpayments total approximately £19.4 billion. New powers under the Public Authorities (Fraud, Error and

Recovery) Act 2025 are projected to save around £1.5 billion over five years — a fraction of a single year's loss.

Source: DWP: Fraud and Error in the Benefit System FYE 2025 and FYE 2026

Section 2: The Tax Gap — HMRC's Missing Billions

£46.8 Billion Uncollected Every Year

The tax gap is HMRC's official estimate of the difference between tax theoretically owed and tax actually collected. It is the single largest confirmed source of government revenue loss — dwarfing all other categories combined.

2023-24 Tax Gap	**£46.8 billion**	5.3% of total theoretical tax liability — the highest ever in cash terms. The 2022-23 figure was revised upward from £39.8bn to £46.4bn — the second consecutive year of significant upward revision
Uncollected tax debt	**£43.8 billion**	Outstanding balance as of end 2024 — double pre-pandemic levels. £20bn of it is over 12 months old
Offshore evasion	**Understated**	HMRC's own internal documents identify 'a much larger amount of tax at risk from offshore non-compliance' than the published figure — but does not publish it

The NAO and Tax Justice UK have both identified serious grounds to believe the £46.8bn figure is a significant underestimate. HMRC's compliance teams recovered £5.2bn from 'wealthy taxpayers' in 2023-24 — yet the published tax gap for that entire group implies only £3bn per year. The arithmetic does not reconcile.

Source: HMRC: Measuring Tax Gaps 2025 Edition; NAO Overview of HMRC 2024-25; Tax Justice UK June 2025; TaxWatch: State of Tax Administration 2025

Section 3: Covid-Era Fraud — A Largely Unrecoverable Hole

Total Lost	**£10.9 billion**	Lost to fraud and error across Covid

		support schemes — confirmed by the Covid Counter Fraud Commissioner, December 2025
Recovered	**~£1.8 billion**	Only 16.5p in the pound recovered. The rest is gone.
Bounce Back Loans	**Up to £27bn at risk**	£79.3bn lent with 100% taxpayer guarantee. One in six Recovery Loan Scheme loans now in default. Lenders had no incentive to perform due diligence — it was not their money.

An estimated 170,000 new companies registered at the start of national lockdown — flagged by the PAC as a warning sign that was ignored. The government's own impact assessment for new fraud recovery powers estimates they could recover £54 million over ten years. Against losses of £10.9 billion.

Source: Covid Counter Fraud Commissioner Final Report, December 2025; PAC: Taxpayers Set to Lose Tens of Billions

Section 4: Project Cancellations and Write-Offs

£6.6 Billion Written Off in a Single Year

In May 2026, the Public Accounts Committee published its annual synthesis of NAO findings. The headline: £6.6 billion of public money written off in 2024-25 — money that 'did not achieve its intended objectives or create any value for the taxpayer.' The PAC deputy chair described it as money that had 'simply boiled off into the atmosphere.'

Ministry of Defence	**£1.6 billion**	Project cancellations and asset retirements following Labour taking office
Department for Transport	**£472 million**	Eight road schemes cancelled including the A303 Stonehenge tunnel
Home Office / Rwanda	**£290 million**	Written off on cancellation of the Rwanda deportation scheme

Special payments	**£293 million+**	Non-standard transactions outside normal government activities across multiple departments

The PAC identified a structural cross-party failure: government's propensity to cancel major projects after billions have already been sunk — then repeat the cycle with the next project. Financial reporting quality from departments has deteriorated significantly since the pandemic, the PAC warned, 'undermining accountability and transparency.'

Source: PAC: £6.6 billion wasted in 2024-25, May 2026; NAO Annual Report 2024-25

Section 5: HS2 — The Infrastructure Catastrophe

Spent to date	**£43.6 billion**	As of February 2026. £15.5bn of this on Phase 1 civil engineering alone — equivalent to the entire original budget for that component
Cost to complete	**Up to £102.7bn**	Latest estimate May 2026 — up from a 2009 original estimate of £37.5bn. Phase 1 costs rose 134% in real terms over 2012-2022 alone
Cancellation cost	**£33bn–£58bn**	Government's own analysis of remediation and compensation cost to cancel now — excluding sunk costs already spent
Sunk on cancelled phases	**£2.95 billion**	£2.4bn on Phase 2 before cancellation, plus £548m on Euston including £105.6m in design fees simply abandoned

Labour's Transport Secretary Louise Haigh described what she inherited on taking office in October 2024 as 'dire' — costs 'allowed to spiral out of control.' HS2 now exemplifies the sunk cost trap at national scale: cancellation costs more than completion, so a project that has tripled in cost continues regardless.

Source: GOV.UK HS2 cancellation cost advice May 2026; Institute for Government November 2024; DfT records

Section 6: The Immigration and Border Cost — The Hidden Departmental Sprawl

A Cost Deliberately Never Consolidated

The true annual cost of the immigration and asylum system to the UK taxpayer does not appear as a single government figure. It is distributed across at least eight separate departmental budgets — the Home Office, the Ministry of Justice, the NHS, the Department for Education, the Ministry of Defence, local authorities, the legal aid budget, and the Foreign Office aid budget. This fragmentation is not accidental: no single consolidated figure exists because no single department is required to produce one.

When the documented costs are aggregated from their respective departmental sources, the total reaches between £15 billion and £20 billion per year in direct attributable costs — rising substantially higher when long-term fiscal impacts are included.

Asylum Accommodation — The Tripled Contract

AASC contracts 2019-2029	**£15.3 billion**	Originally estimated at £4.5bn. More than tripled. Hotel accommodation accounts for 76% of annual contract cost but houses only 35% of people. Three private contractors — Serco, Mears, Clearsprings — made £380m profit from these contracts in one year alone
Direct asylum support 2024-25	**£4 billion**	Home Office direct spend — £2.1bn of which on hotels. The system is housing 103,000 people as of June 2025, up from 47,500 in 2018
New hotel contract April 2025	**£550 million**	Four-year contract awarded to Corporate Travel Management for contingency hotel accommodation — despite government pledging to end hotel use
Accommodation contract South England	**£7 billion**	The 10-year regional contract for the South alone rose from £0.7bn to £7bn — a tenfold increase. New contracts now being procured for post-2029

Border Operations — What It Costs to Process Arrivals

France payments — new deal	**£662 million**	Three-year deal signed April 2026. £500m upfront, £160m contingent on results. Replaces previous £480m deal (2023-2026). Result: 41,472 crossings in 2025 — second highest ever recorded
France payments — cumulative	**£800m+ since 2014**	Total paid to France for Channel border security since 2014. Each successive deal larger than the last. Crossings have not fallen to pre-deal levels once
Drone and aerial surveillance	**£1bn+ to Tekever alone**	Home Office paid over £1bn to Portuguese company Tekever for drone and maritime surveillance. £19m further aerial surveillance contract advertised January 2025. BAE Systems received £38m for border risk assessment systems
Border Force fleet	**£30m+ in new contracts**	Four catamarans at £30m over three years for migrant retrieval. Additional RIB rental contracts £1.259m per year. Maintenance contracts £1.6m. Each vessel contracted specifically to retrieve and bring ashore those attempting the crossing
Manston processing facility	**£700 million**	Home Office advertising £700m contract for management of Manston and Western Jet Foil Dover — short-term holding facilities for arrivals after Border Force transfer

Legal, NHS and Local Authority Costs

Legal aid — immigration	**~£150m+ per year**	Ministry of Justice legal aid spend on immigration and asylum cases. Complex human rights cases described by Home Office data as 'ballooning expenses by thousands per person annually, turning routine decisions into courtroom marathons'
Local	**~£1 billion per**	Schools, housing pressure, social

authority indirect costs	**year**	services, homelessness duties — ONS and Home Affairs Committee estimate. Hotspot areas: London, Kent, South East bearing disproportionate share
NHS costs	**Significant — unquantified in full**	Immigration Health Surcharge collected £2.4bn in 2024-25 — but this covers legal migrants only. Costs of maternity, A&E, mental health services to those with no recourse to public funds are not centrally tracked

The Enforcement Failure

The single most damning statistic in the entire immigration cost picture is not a financial figure — it is an enforcement figure that explains why the financial figures keep rising.

Removals vs inadmissible	**21 out of 20,605**	Of 20,605 people formally identified as inadmissible to the UK asylum system — just 21 were actually removed. The entire enforcement and processing apparatus is spending billions to assess people who then remain regardless of the outcome
Small boat arrivals since July 2024	**70,000+**	More than 70,000 people have crossed the Channel since Labour took office. Border Force vessels have — by the Home Office's own contract specifications — aided their crossing and transfer to shore
Asylum backlog end 2025	**70,000 cases**	Cases awaiting initial decision. A further 51,000 awaiting appeal hearings before immigration judges as of March 2025. Each case carries ongoing accommodation, support, and legal costs

The Long-Term Fiscal Liability

Lifetime net fiscal cost	**£234 billion**	Centre for Policy Studies central estimate of the lifetime net fiscal cost of the 2 million visas issued between January 2021 and June 2024 — equivalent to £8,200 for every UK household, spread

		over decades. Based on OBR earnings assumptions

The CPS analysis used OBR methodology and found that low-wage migrants have a negative lifetime fiscal impact — consuming more in public services than they contribute in tax over their lifetime. The 2021-2024 migration wave was dominated by care workers, students, and family reunion applicants — categories the OBR itself identifies as typically falling below the fiscal break-even earnings threshold.

Source: NAO: Home Office Asylum Accommodation Contracts May 2025; Home Affairs Committee Report October 2025; Reuters April 2026; Commons Library; Policy Exchange 2023; Centre for Policy Studies September 2025; Migration Watch UK; Home Office Annual Report 2024-25; Progressive International June 2025

Section 7: Debt Interest — £110 Billion of Dead Money

Annual debt interest 2025-26	**£110–£111 billion**	OBR confirmed — 8.1% to 8.3% of total public spending. One of the highest levels in 50 years
As share of GDP	**3.6%–3.7%**	Comparable to peak debt-servicing costs of the 1970s and 1980s
National debt total	**£2.91 trillion**	93.8% of GDP as of March 2026 — £42,000 to £43,000 per person. Rising at £4,186 every second. Not seen since the early 1960s

Every pound spent on debt interest is a pound unavailable for the NHS, schools, or infrastructure. The government currently spends more on debt interest than on defence, transport, and public order combined. The OBR forecasts debt will not peak until 2028-29 — at which point it reaches approximately 95% of GDP before beginning a gradual fall, contingent on economic growth materialising as forecast.

Source: OBR: Brief Guide to Public Finances March 2026; House of Commons Library April 2026; ONS Public Sector Finances

Section 8: The Untracked Unknown

Untracked spend	**£5bn–£30bn**	NAO estimate of implied fraud and error in the two thirds of government

	per year	expenditure with no specific measurement. Range: 0.5% to 5% of unexamined spend
Total public sector fraud 2021-22	**£39.8bn–£58.5bn**	PSFA's own estimate of total fraud and error outside Covid-specific schemes — the most recent year for which a full-system estimate exists
Penalties deducted from asylum contractors	**£4 million**	Total penalties deducted from AASC asylum accommodation suppliers since 2019 for underperformance — less than 1% of their revenue, for a system MPs describe as catastrophically failed

The PAC has explicitly warned that financial reporting quality from government departments has deteriorated significantly since the pandemic. The government is, in the committee's own words, 'flying blind' on the levels of fraud and corruption being perpetrated against it. The PSFA was initially funded at £25 million — a rounding error against tens of billions in estimated annual loss.

Source: NAO: Overview of the Impact of Fraud and Error on Public Funds November 2024; PSFA Annual Report 2023-24; PAC September 2023

Section 9: The Wider Fiscal Picture

Annual deficit 2024-25	**~£127 billion**	The government is spending £127bn more per year than it collects in tax — while imposing the highest tax burden in 70 years
Deficit trend	**Widening**	From ~4.5% of GDP at Labour's election in July 2024 to ~5.5% of GDP by end 2025, despite significant tax increases at the October 2024 and November 2025 budgets

Independent economic analysis has identified a compounding problem: tax rises implemented to close the deficit have depressed consumer and business confidence, reducing the tax revenues that were supposed to materialise. CBI surveys recorded a collapse in business confidence following the October 2024 budget. Consumer confidence reached historic lows on the long-running Ipsos-Mori measure. The net result is that fiscal tightening has been economically counterproductive in the short run, while structural losses continue unaddressed.

Source: OBR: Fiscal Outlook March 2026; Bank of England Financial Stability Report December 2025

Conclusion

The confirmed minimum annual loss to the UK taxpayer — across fraud, error, the tax gap, and audited project write-offs — is approximately £63 billion per year. Adding the NAO's implied untracked fraud range, the full immigration and border system cost, and the £110 billion annual debt interest bill produces a figure comfortably in excess of £170 billion per year leaving the public finances without delivering public value.

For context: total NHS England spending in 2024-25 was approximately £165 billion. The UK is losing or wasting the equivalent of the entire NHS budget every single year — while taxing its population at the highest rate in seven decades, and borrowing an additional £127 billion on top.

The Public Accounts Committee's deputy chair put it plainly in May 2026: money is 'simply boiling off into the atmosphere.' The PAC, the NAO, the Home Affairs Committee, the Covid Counter Fraud Commissioner, and the OBR have all, in their respective domains, reached the same conclusion: the system is failing, the losses are accelerating, accountability is deteriorating, and the financial reporting required to even measure the problem is getting worse.

No single political party bears sole responsibility for this accumulated failure. It spans decades and administrations. But it is happening now, on the current government's watch, at a scale and pace that the documented evidence makes impossible to ignore — and which the absence of any consolidated public accounting makes equally impossible for the ordinary taxpayer to see in full.

This document is an attempt to provide that consolidated account.

SOURCING NOTE: Every figure in this document is drawn from published official sources. Where ranges are given, both ends of the range are sourced. No figure has been estimated, extrapolated, or inferred without explicit attribution to its originating body. Sources include: Public Accounts Committee (May 2026), National Audit Office, HMRC Measuring Tax Gaps 2025, DWP Fraud and Error Statistics FYE 2026, OBR March 2026 Forecast, Home Affairs Select Committee (October 2025), NAO Home Office Asylum Accommodation Contracts (May 2025), Covid Counter Fraud Commissioner Final Report (December 2025), House of Commons Library, Centre for Policy Studies (September 2025), Migration Watch UK, Reuters, and HM Treasury published data.